

The Magazine for Indiana Entrepreneurs and High-Growth Companies

INBiz

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- > Recruiting Talent in a Competitive Market
- > The Five Commandments for Building a Board
- > Inspiring the New Generation of Employees
- > Creating a Company of Leaders

Fall 2007
Volume 2



Building an Entrepreneurial Culture

Tips from Indiana's Experts

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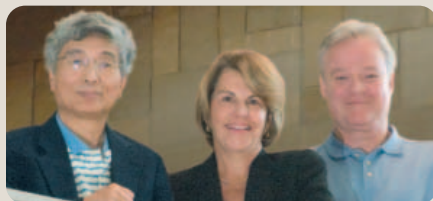
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Entrepreneurial Indiana

You've probably got a pretty good idea what it takes to be a successful entrepreneur – good ideas, talent, passion, dedication and hard work – mostly hard work. But often the most challenging aspect of launching a new business is finding early-stage capital to move a new innovation from the laboratory to the marketplace.

Indiana recognized this seed capital gap and is supporting hard-working entrepreneurs and innovative businesses with access to substantial financial support. While a variety of dedicated private venture capital funds are available to support Hoosier companies, Governor Mitch Daniels and the Indiana Economic Development Corporation realized that more support was needed for these early-stage companies that are unable to attract traditional venture capital. Therefore, the State of Indiana itself takes an active role in ensuring that current and future entrepreneurs have the resources and support needed to transform their ideas into Indiana's next generation of outstanding companies.

The State's 21st Century Research and Technology Fund (21 Fund) is one of the most important and critical sources of early stage capital for high-potential emerging companies in Indiana. Managed by the Indiana Economic Development Corporation, the 21 Fund provides grants to entrepreneurial companies that are developing market-changing technologies that have the potential to create high wage, high skill Indiana jobs of the future.

In the past 20 months, the 21 Fund has awarded 47 grants totaling \$54 million to Indiana ventures that are developing and commercializing revolutionary new products in medical diagnostics and devices, pharmaceuticals, software, orthopedics, electronics, robotics and alternative fuels.

These companies have the potential to create thousands of new high wage jobs here in Indiana while also improving the lives of people around the world. Just as crucial from an entrepreneurial perspective is that this funding has enabled these companies to raise more than \$75 million in additional capital.

In addition to the 21 Fund, the State continues to help emerging technology-driven companies capitalize on federal funding opportunities through the Federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. Grants from these programs can provide the means to transform new ideas or technologies into commercial ventures, eventually leading to new companies and jobs in Indiana.

Indiana's Venture Capital Investment tax credit provides a significant boost to start-up and emerging high-growth companies by providing a 20 percent state tax credit

to financial investors. So far in 2007, more than 50 Indiana companies have been approved for the tax credit. Those companies plan to use the tax credit to raise more than \$50 million in private funding.

Recently Indiana passed a state tax exemption – the first of its kind in the U.S. – on income derived from federal patents for new technologies or processes. This program, combined with our Research & Development sales tax credit, which provides an exemption to companies on the amount they pay in state sales tax on R&D equipment, has the potential to encourage more development of intellectual property in the state and also attract innovators and researchers from other regions to Indiana.

We continue to build a statewide entrepreneur resource system utilizing Indiana's Small Business Development Center network. Our goal is for this network to be among the best in the nation, providing our small business sector the resources needed to grow and prosper. This initiative, which includes a unique new web based portal to be launched in the coming months, will assist entrepreneurs in creating new companies and help small businesses grow and expand.

Indiana's current generation of visionary and successful entrepreneurs continues our State's great history of entrepreneurship and innovation. These talented men and women are keeping Indiana at the forefront of a rapidly changing global economy with exciting companies in an ever-expanding range of industries.

We hope that you will join the growing list of accomplished Indiana entrepreneurs and choose Indiana for your next business venture. We will do all we can to help your business succeed in Indiana. Please contact the Indiana Economic Development Corporation for more information or assistance at www.iedc.in.gov.



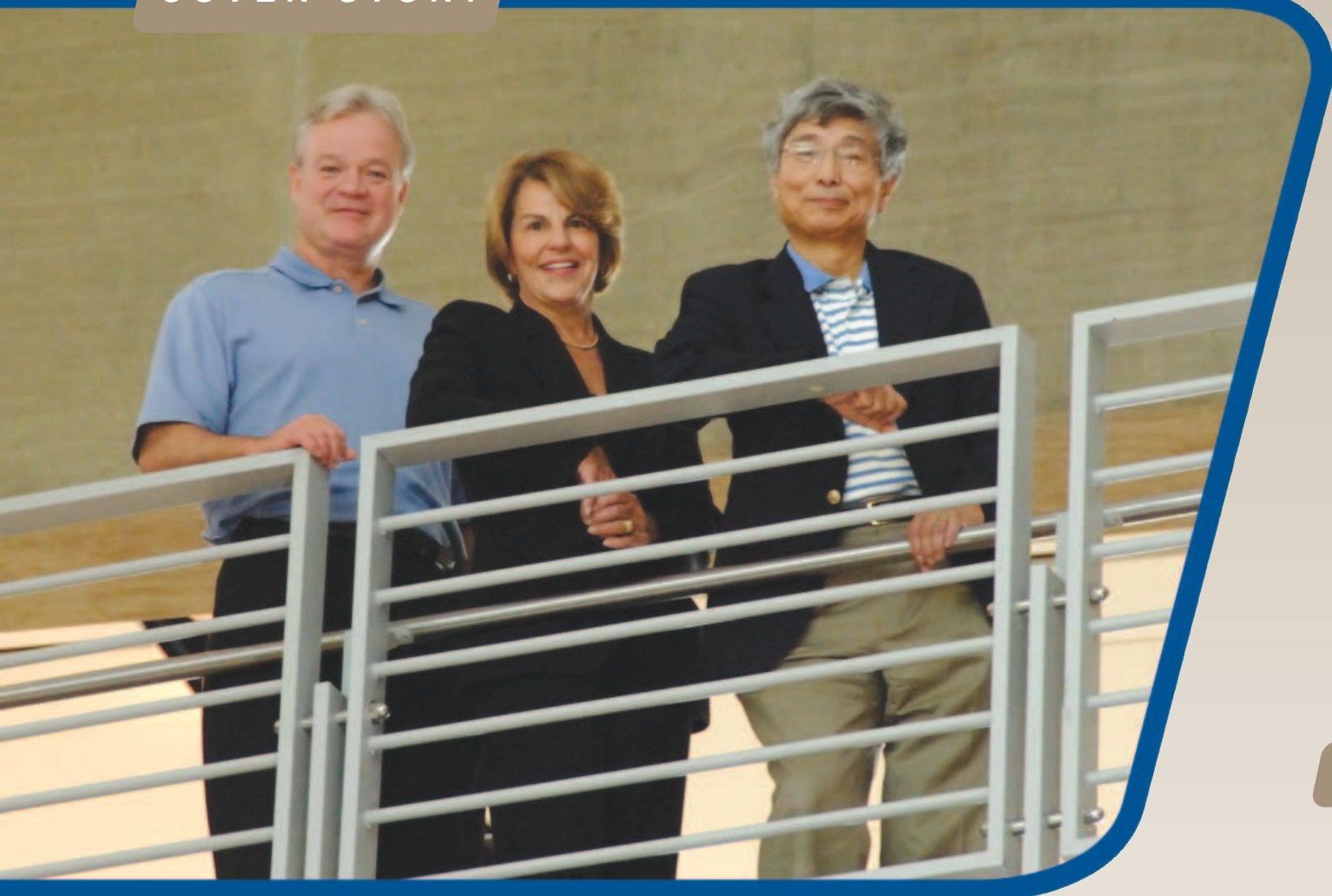
Nathan J. Feltman

Nathan J. Feltman
Secretary of Commerce



Bruce Kidd

Bruce Kidd
Director of Entrepreneurship



Photos by Rob Banayote

BUILDING AN Entrepreneurial Culture

A stylized outline map of the state of Indiana is positioned behind the word "Culture" in the main title.

TIPS FROM INDIANA'S EXPERTS

Q: *What were the keys to developing an entrepreneurial culture amongst all employees in your company?*

AC: I divided the company into eight Profit and Loss business units, and some of those units are also divided into smaller regional units. These business units provide their own business plans and balanced scorecards.

The incentives that they earn are directly linked to their performance. Business units are reviewed for their performance on a monthly basis, and results are shared company wide. I have found that greater responsibility and autonomy encourages ownership and creativity. On many occasions, I encourage them to act as owners of their business units.

PM: The entrepreneurial culture comes from the top down.

Our company tries to carefully choose its employees, communicate our vision, and then empower those individuals to do their job with competence, integrity and a sense of being part of an energized team.

Giving back is the key to having a positive culture, and with the Vera Bradley Foundation for Breast Cancer housed at the company, giving back monetarily or by volunteering is always top of mind.

WD: I think the biggest key for us has been to intentionally define our value system (our corporate culture) as a work community. These values are the things to which all of us who work together are willing to be held accountable. As a company, we are fortunate in that we have done that from the very beginning, and those values form the core principles around what makes “doing work” worthwhile, which is, I believe, the very heart of entrepreneurialism.

Of the empirical studies I’ve seen, most would say that the top two things everyone wants from their workplace is autonomy – freedom to do their work – and feedback – how’s it going?

In order to provide autonomy, the selection process must be effective in finding skillful and motivated individuals who are capable of being successful in the role they will play in the company, so we really focus on the selection process and trust that it will allow us to hire the people who will help take us to the next level. Feedback is primarily a function of communication – we must do it consistently and well.

Entire books are written about communication as a topic, but I suppose the two biggest reasons that it doesn’t happen consistently and well are an assumption that since everyone knows how to talk, they must know how to communicate – generally not a good assumption as most of us who have been married for a while can attest. If we couple that assumption with a lack of intentionality about feedback, it is very easy for individuals to lose their entrepreneurial enthusiasm due to feeling unnoticed or unappreciated.

“I think that it is important to let employees know what their responsibilities are so that they have a clear picture of what their role is within the company.”

Q: *Since many successful entrepreneurial companies also have a “cult of the customer” culture, how do you foster that attitude and environment?*

AC: Each account that Telamon has is assigned to an account manager, where performance metrics are established with the client. The account managers are required to have a review with the client every quarter and at that time they ask the client for an evaluation score. One of the performance metrics measures our ability to respond to any customer’s request within two hours. We have utilized the Harvard Case Study related to customer issues to train and develop a customer-focused culture.

PM: Since we are the Vera Bradley customer, whether age 4 or 94 – we have not had to “foster” a culture to fit our customer’s expectations. In addition, all of our marketing materials feature families and friends.

Our customers are our family and friends, even our sales representatives have traditionally been family and friends. The culture has evolved over the years and remains personal today. We always celebrate birthdays, holidays and special events.

WD: Central to our corporate culture and values is the idea that humans are more or less “wired” to feel most worthwhile when we are providing service to other people—other employees, customers, vendors, or our communities. So, serving others is a great way to feel good about your life and its primary activities.

Focusing on serving customers, whether internally or externally, is just one of the natural outgrowths of living out that ethic.

Mechanically, we rate our service internally, have our customers rate us externally, celebrate exceptional service with recognition programs, and try to model it through our leadership team.

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Our Panel

Albert Chen (Left)
Founder, Chairman and CEO,
Telamon Corporation

Albert Chen is the founder, chairman and CEO of the Indianapolis based Telamon Corporation founded in 1985. Telamon, named for the Greek word for “support,” has grown to a \$300 million telecommunications company with more than 450 employees in six locations across the U.S. and in Asia. Chen credits the company’s growth to the dedication of his employees in keeping the same strategic vision and principles through H2S2 – that’s honesty, harmony, speed and simplicity. Some of Chen’s recent awards include: the 2003 Minority Business Leadership Award from the National Minority Supplier Development Council; the 2001 American Business Ethics Award for Mid-sized Company; Asian American Entrepreneur 2001 Award; National Minority Supplier of the Year 2000; and the 1996 SBA Indiana Small Business Person of the Year Award. Founder of Asian American Alliance, Inc., Chen currently serves on the Advisory Council at Purdue University’s Burton D. Morgan Center for Entrepreneurship and for the Indiana University School of Informatics. He is also a Trustee of Butler University, and a Commissioner for Indiana Integrated Public Safety Commission.

Patricia R. Miller
Co-President and Co-Founder, Vera Bradley

Patricia R. Miller and Barbara Bradley Baekgaard co-founded Vera Bradley Designs in 1982, which quickly grew into an internationally recognized brand. Vera Bradley designs and manufacturers cotton quilted handbags, travel bags and accessories. In the past few years, Vera Bradley has expanded to include eyewear, tableware, rolling luggage, home furnishings, stationery and men’s ties. Miller took a leave of absence in 2005 to serve as Indiana’s first Secretary of Commerce for

Q: *What are your thoughts as to the best ways to create a great place to work? And what do you think employees really desire in today’s fast-paced work environment?*

AC: I think that it is important to let employees know what their responsibilities are so that they have a clear picture of what their role is within the company.

It is also important to let them know that they are our greatest asset and important to the success of Telamon. In the broader business culture, where we have seen the once strong employer-employee contract erode, I feel that what employees want is more training and job security. A clear balanced scorecard is implemented. This allows the employees to determine their own destination and commitment, so they know where they stand.

PM: Because many of our employees are women, the need for flexibility is key. A culture that recognizes these demands and works with the employees toward a healthy balance of work and family will benefit from a happier, more productive workforce.

Vera Bradley also places an emphasis on decor. Since we are in the design business, we value offices that are tastefully decorated and reflect the Vera Bradley style. It is often the soft variable that rates high on an appreciation scale.

I want our workers to feel pride in our product, our customer service, our growth in the industry and our philanthropy. Our employees should see that advancement opportunities exist and that their compensation and benefits are rewarding.

WD: This relates very closely to the first question about corporate culture. In addition to a strong value system, I have come to believe that at the foundation of a great place to work is a great purpose for which to work, which is what I think all of us truly desire.

Each person ultimately needs to define the characteristics of a working environment that will help them feel fulfilled and purposeful while spending days, months, and years working, but I am convinced that connecting the daily work environment to a purpose that transcends a paycheck is one of the most important and sustainable motivations to keep a work environment healthy and great.

Q: *What resources or advice did you follow in developing your entrepreneurial leadership style and the kind of company you aspired to create?*

AC: I have attended the Tuck School of Business Executive Program four times in the last 12 years. I regularly read the Harvard Business Reviews and watch the Stanford Executive briefing videos.

I have two outside Directors who sit on my board that have given me wonderful advice regarding Telamon and our business plans. What I would like to accomplish would be to have a company that is owned only by the employees.



the State of Indiana and CEO of the Indiana Economic Development Corporation. She returned to Vera Bradley in early 2006. Currently Miller is also serving as a board member of the Vera Bradley Foundation for Breast Cancer and the Northeast Indiana Corporate Council. In the past she has served as a board member with more than 15 organizations. Miller and her husband, Mike, enjoy golf, tennis, bicycling, traveling, reading, lake activities, and spending time with their three sons, five grandchildren and their families.

Wilbur R. (Wil) Davis
Chairman, President and Co-Founder,
Ontario Systems

Wil Davis is chairman, president and co-founder of Ontario Systems, a software development company headquartered in Muncie, Indiana that focuses on the receivables management industry. In the more than 20 years since Ontario Systems' founding, the company has grown from a custom software business into the premier software provider in many of its selected markets. A graduate of Ball State University, Davis began his career as an accounting supervisor at a bank. From there, he moved to a position as a systems engineer in a division of General Motors before he co-founded what became Ontario Systems in 1980. Today, Ontario Systems is one of the largest software companies headquartered in the state of Indiana. In addition to the Ontario Systems' Board, Davis serves on numerous boards of both profit and non-profit organizations. He is married to his high school sweetheart, Cindy, and they have three children and three grandchildren.

PM: I like to refer to these as the “Great 8:”

- Choose the right people
- Give these people a clearly defined vision
- Empower your team to express their ideas
- Listen
- Measure results
- Treat people the way you want to be treated
- Do the right thing
- Enthusiasm generates energy – be passionate.

WD: My Dad is a pastor, so I think I must have picked up many of my basic thoughts from him. The organizational and motivational challenges for a pastor are immense, as most of the work gets accomplished by volunteers. So, it's a study in intellectual property management to think about how to move any agenda forward in that kind of environment – challenging, but very worthwhile! Also, my business partner, Ron Fauquher, has been a mentor in many respects. He and I share similar vision and values for our work, so he's been tremendously influential on me and my style.

Finally, I've been really fortunate to have had some great personal coaches along the way – both athletic coaches and teachers in school and “life coaches” in business and small groups with which I've been associated over the years.

Every entrepreneur needs someone or a group of people with whom they can discuss anything and receive wise counsel. I cannot imagine being a “lone ranger” type of entrepreneur, and having this group of trusted advisors has been vital to me.

Q: *What are the three most important things any future leader/CEO of a high growth company should understand?*

AC: The three most important things are the customer/customer/customer, quality/quality/quality and people/people/people.

It is important to understand the customer's wants and needs, provide solutions for the customer and be willing to go the extra mile for the customer. Quality should be a job requirement.

To ensure quality you should utilize statistical process control and provide quality fail safe products and/or services. With people, you need to recruit the right people, retain the right people and reward your people.

PM: The three most important lessons a CEO should internalize are:

- Lead by example.
- Choose the right people.
- Identify and measure your goals.

Above all else, the most important thing that a CEO can understand is that we have to be passionate about our work in order to be successful. There should also be the sound of laughter during most meetings – the “fun factor” is always good.

WD: I don't know that these are the “most important” things to understand, but here are some things that have helped me in business:

The word “vocation” comes from the same root word as the word “vocal,” the Latin word, *vocare*, which means “to call.” As the word literally implies, I believe work should have a sense of purpose to it that is strong enough that it feels like a “calling” on your life, and I think that is of both personal and corporate importance.

Volumes break things. Just when you think you get your systems set up to handle the business flows perfectly at a particular level of business volume, you will discover that, as you grow, those processes will become strained and will require change. It is helpful to be thinking about the next phase of business life and what changes will be required rather than to be frustrated because things no longer “work” as they once did.

You direct your business by the work you turn down, because you will find that the work you accept directs you! It's very important that you know your purpose well enough to avoid being distracted by opportunities that may keep you from accomplishing the real purpose for which you and your organization are on the planet.

I think this one is particularly hard for the stereotypical entrepreneur, but there are very few business people around who won't tout the virtues of focus, both personally and professionally.

What To Know Before You Sell

By Faraz Abbasi • Partner, Centerfield Capital Partners

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Private equity groups, PEGs as they're commonly called, have become increasingly active as potential buyers of private companies – in some cases outbidding strategic buyers.

PEGs often look for companies with strong brand names in growing industries. PEGs also prefer companies that are in large markets, have a competitive niche, a strong history of growth and profit margins, and (more importantly) a strong management team. PEGs are usually not interested in start-ups. Rather they are keen to find companies with a proven track record of making money.

An entrepreneur may have several reasons why they would sell their company to a PEG. Some of the primary reasons include: Desire to retain the company's employee base, keep the present operations and location/s intact, or secure significant equity ownership potential for the management team. Once a company owner/operator has made the decision to sell, there are several things they can do to boost their chances of securing a private equity buyer.

Let's look at what management team qualities attract a PEG's interest, what you should look for in a partnership with a PEG, the PEG's due-diligence process with respect to management, and the PEG value proposition.

What Do PEGs Want?

The most prominent underlying characteristic PEGs seek in companies is strong management teams.

Most of the companies with annual revenues of \$10 million to \$50 million, PEGs come across are family owned businesses with one or two key managers, who are also typically owners and therefore

potential sellers. The most common shortcoming PEGs see in these companies is overdependence on the owners for day-to-day management, which deters the development of a strong management team.

Owners who are aware of such inherent limitations can lay the groundwork for a smooth transition to PEG ownership by bringing in a strong management team, possibly a president, chief financial officer and a strong sales and operations team.

I am not suggesting that the whole management team needs to be revamped to prime the company for sale. Instead, the owner should analyze the strength and gaps in the management team they have built around themselves and try to fill in the gaps with people who have strong track records in the industry. That this is sometimes difficult for an owner to do, since they may feel like once they hire a strong team, they may lose their grip on the company. But a strong management team can help convince the buyer that the business has potential beyond its current status.

Private equity managers are not day-to-day operators but typically participate on boards of directors of the companies they own. PEGs like to see a management team with a very compelling strategy for the business and an innate ability to adapt to rapid change. The management strategy should be clear, with a plan for differentiation from competitors and a sustainable growth plan.

In addition, PEGs expect the members of the management team to be prepared to invest personally in order to mark their commitment to the vision. Unlike strategic

buyers, PEGs typically buy less than 100 percent of a business. Very often, PEGs ask the current owner or key managers in the company to "roll-in" a significant portion of their equity proceeds back into the company. Additionally, PEGs often would set-up an option plan to provide 5 percent to 15 percent of company ownership to management if certain sales and profitability benchmarks are met. In the end the PEG wants to make sure that management team has the incentive to see that the business is worth as much as possible when it's ultimately time to jointly sell.

What Should You Look For?

One of the toughest aspects of ownership transitions for the key managers and owners is adjusting to the reality that the PEG is going to be your new boss. In choosing between multiple offers, when the economics are somewhat equal, be sure to factor in better chemistry, industry awareness and similar value adders as the ultimate deciding points. Private equity is like a marriage: It's easier to solve problems with a partner if you have good chemistry and it tends to work a lot better if you address major issues before you say "I do."

The PEG Due Diligence Process

In line with our strong belief about the importance of the management team, PEGs tend to spend a lot of time with the CEO, CFO and the rest of the key managers. PEG managers strive to gauge the quality of people the company has and can attract, while also evaluating the management team's weak points and their strategic thought process. This process is

Continued on Page 23

→ ATTRACTING AND RECRUITING → Generation Y IN A COMPETITIVE MARKET

By Scott Dorsey • Co-Founder and CEO, Exact Target



The single greatest asset of any company is its people. ExactTarget is no different; our employees truly are the secret of our success.

Since moving our corporate headquarters to downtown Indianapolis in 2005, we've grown to nearly 275 employees and will reach nearly 300 by the end of 2007.

The hiring picture in 2007 is quite different from earlier this decade, and market pressures and the "call of the coasts" make recruiting today in the Midwest even more challenging. Reaching our growth goals requires the right mix of retaining current employees and attracting top talent in an extremely competitive job market.

Referrals from ExactTarget's existing employee base have served as one of our main sources of new hires. Our employees feel empowered, and feel the company offers a fun, vibrant and enjoyable environment where they can thrive; they, in turn, pass the word along to others. By doing so, our employees enjoy a referral bonus if both employees remain with the company for at least a period of 90 days.

Programs such as ExactImpact, our corporate philanthropic initiative, and ExactFun, the company's internal events program, give our employees opportunities to show their creativity, support worthy causes in our community, and become involved in activities above and beyond their job functions.

As a company built on and still succeeding through its entrepreneurial spirit, we're always looking for bright, passionate people that share our enthusiasm for our business and love of the region. A growing percentage of these upcoming hires will be new and recent college graduates – also known as Generation Y. These young men and women bring tremendous technical skills, energy and talent to our organization, and we are excited to bring more of these future leaders on board.

With this in mind, we are faced with the following challenge: How do we continue to attract the best and brightest new graduates?

Since 2003, we've participated in a valuable program called the Orr Fellowship, a two-year fellowship program for local graduates from Indiana colleges and universities. While providing invaluable business training for these graduates, we've been able to attract and retain a limited number of talented employees for our organization. Keeping in mind our aggressive hiring goals, it was essential to explore additional recruiting options to increase our new graduate hiring levels.

Understanding Generation Y: The Origin of Catapult and Slingshot Recruitment

In order to be successful in the competitive college recruiting arena, one must first understand what drives this generation – Generation Y. I turned to four of ExactTarget's current and former Orr Fellows – all Gen Y'ers. They assisted our executive team in determining the motivations of this generation – the ability to be a part of cutting-edge technology, a casual work environment, responsibility, working with international opportunities, ongoing learning and education, and constant feedback and evaluation – and how ExactTarget measures up as a potential employer.

I then asked them to help develop programs that would accelerate our college recruiting and ensure that these candidates transition smoothly and successfully into our company. Like most high achievers, these four went above and beyond my expectations. Together, the group formed a Steering Committee and designed two new human capital initiatives – Catapult, a full-time rotational program for college grads, and Slingshot, a semester or summer internship program for current college students. →

"In order to be successful in the competitive college recruiting arena, one must first understand what drives this generation – Generation Y."

Catapult Rotational Program Targets Recent College Grads

Catapult is a dynamic rotational program designed to provide college graduates the opportunity to rotate through three to four positions within ExactTarget.

Catapult exposes a select group of college grads to a range of business-critical areas, allowing them to develop their professional skill-set while obtaining cross-functional experiences. All Catapult members go through New Employee Training, a program designed to showcase the nuts and bolts of our company and product.

Catapult members then participate in a custom Catapult “Bootcamp” following new employee training, in addition to selected sales and customer support training. Members of the Catapult team are mentored, interact frequently with senior management and are expected to learn and lead.

“Lunch-n-Learns” hosted by our internal training team on various relevant topics such as HTML writing, presentation skills training, and many more, also provide access to ExactTarget’s executive team and other key players within the company. Once they complete their rotational assignments, candidates are then placed in permanent positions that allow them to deeply impact the success of not only their department, but our company as a whole.

Slingshot Internships Offer Bright Students Real-World Experience

While Catapult caters to recent grads, we also wanted to establish a meaningful internship program that would offer current students valuable business

experience. The Slingshot Internship is designed to do just that. It is a three- to five-month paid internship program structured to provide top students with at least two resume-worthy experiences.

Slingshot challenges students to think, make decisions and to innovate. We work with the students recruited for this program to identify their passions and then design an internship based on their talents and interests.

Because we understand that candid evaluation is key for this generation, interns receive informal feedback throughout their experience, as well as a 360-degree evaluation from their manager and peers at the completion of their program.

Results. Delivered.

To date, the results of both these programs have been nothing short of amazing. Currently, we have two Catapult employees moving through their rotations; they’ll be assisting in the following departments before moving into a full-time position: Training, Partnerships, Marketing Communications, Product Marketing, Product Development and Strategic Services.

The Summer 2007 Slingshot interns recently completed their program, which included:

- Upgrading and modifying a crucial resource for software developers looking to integrate with ExactTarget by completely overhauling and redesigning the company’s online Developer Community; and,
- Auditing and updating a core piece of external documentation that communicates the company’s underlying security and technology of its application to prospective clients and existing customers.

Not the average work of interns, as noted by Darrell Grissen, a Slingshot Steering Committee member:

“The Slingshot interns were easily some of the hardest-working college students I’ve ever seen. Their ability to jump quickly into any new situation and problem thrown at them was impressive. Operating in an environment of constant change and rapidly-shifting needs, they solved real business problems and brought a contagious level of energy and enthusiasm to the company.”

We also just made our first full-time hire from the Slingshot internship program, bringing one of these talented students on board after graduation to work with our Small-Medium Business Renewal team.

Generation Y Recruiting Efforts to Remain Company Focus

Vital to the growth and success of our company and others throughout the region, Generation Y is different from all others. As such, it is necessary to understand what drives and motivates them, what attracts them to a position or a company and ultimately, what keeps them engaged and loyal to an organization.

There’s no better way to do this than to tap into the Gen Y’ers you currently employ to help shape recruiting initiatives and programs – and your corporate culture – to appeal to this important employee candidate pool. Future success of your organization depends on it.

Scott Dorsey is responsible for the overall leadership and direction of ExactTarget. Since he co-founded the company, ExactTarget has grown to nearly 275 employees serving more than 6,000 organizations worldwide. Dorsey is particularly passionate about building a great organization where employees and customers thrive. Dorsey has received numerous awards for his business and civic leadership including Ernst & Young Entrepreneur of the Year, Indiana Business Journal’s “Forty Under 40” and Junior Achievement’s “Best and Brightest” award. He earned his undergraduate Marketing degree from Indiana University and MBA from the Kellogg Graduate School of Management at Northwestern University. While at Kellogg, he focused on Entrepreneurship and E-Commerce & Technology coursework.



DON'T COUNT ON LOYALTY: Managing Your Human Capital

By Krista F. Skidmore, Esq., SPHR • President, FlashPoint

As an entrepreneur, you appreciate the value of investments. You know how much it costs to start a business, and as your organization grows you realize what a large percentage of your budget you allocate to human capital. So, given the time it takes to find and hire top talent, it is crucial that you see a strong return on this investment.

In a knowledge-based economy, retaining talent is even more critical because you gain your competitive advantage through the quality people who carry out your organization's mission on a daily basis. Unfortunately, however, retention isn't easy. In a healthy economy, workers are more mobile. With unemployment running less than 6 percent, many organizations are struggling to keep the employees they have. The impending retirement of the baby boom generation will lead to even more turnover, especially of well-trained, highly skilled staff members.

Exacerbating these problems is an apparent lack of loyalty on the part of employees. The 2005 Walker Loyalty Report shows that while 75 percent of employees say they are satisfied with their job, only 34 percent are truly loyal, are content, and intend to stay with the organization.

So what to do?

Recognizing the problem is a good start, but it's not enough. Maybe you're tracking turnover and analyzing your weak points. Perhaps you've even conducted a training class for managers. You have to do more.

Retention strategies are multifaceted, and you can't just focus on plugging one

hole. Instead, you need to proactively manage retention and engagement efforts. This requires you to understand what skills will make or break the business and how to keep workers with these skills engaged and committed. Researchers who have examined building and sustaining an engagement culture where employees not only stay but are productive and engaged break up the process for creating such a culture into five parts: diagnosis, design, delivery, sustainability, and tracking.

For each of the five parts, I have identified practical strategies that FlashPoint clients have found effective:

DIAGNOSIS:

- Conduct an employee survey: ask employees about their career, their manager, their work environment, their job, their pay, their benefits, and their intention to stay. This will help you understand where your vulnerabilities lie and where you should focus your retention efforts.

DESIGN:

- Identify and select retention champions who are watching for signs of disengagement and who are in a position to hear what employees are dissatisfied with.
- Build customized training and coaching programs for managers and employees; tie these sessions to your culture and organizational values.

DELIVERY:

- Fight retention myths, such as the notion that people care only about money or that bosses don't really have any influence over whether an employee stays with the company.
- Conduct regular "stay" interviews – take employees to lunch and ask them what you can do to keep them and what would entice them away. Ask them what about their job makes them jump out of bed in the morning and what makes them press the snooze alarm. The information you learn will help you individually customize your strategies.

SUSTAINABILITY:

- Keep improving and enhancing your program. You should be spending 10 times more time sustaining your program than you took to build it. This is where most programs fall short.
- Conduct a buried-treasure diagnosis. Ask yourself if you recognize the talent you already have.

TRACKING:

- Set targets and determine what progress you want to make over what period of time.
- Review employee satisfaction scores yearly and determine where you can tweak your efforts.
- Regularly report on and show the cost of employee losses.
- Be sure to re-diagnose your situation at least every two to three years, as the demographics and needs of your workforce will change.

According to the Walker study, the top three drivers of employee loyalty are care and concern, fairness at work, and day-to-day satisfaction. By building a program that addresses these drivers in a more integrated way, you'll create a vibrant work culture that draws – and keeps – top talent. And in the end, your efforts to build an employee engagement culture will go a long way toward protecting the investment you've made and ensuring continued growth.

Krista F. Skidmore's human resource background includes experience gained working with both publicly and privately held companies as well as the government sector. Prior to co-founding FlashPoint, Skidmore served as vice president of a regional human resource and training consulting firm. She has also worked with an executive search firm assisting various companies throughout the Midwest in the recruitment and placement of human resource professionals. Throughout her internal and external consulting career, she has helped many clients develop and implement performance improvement programs. Skidmore's areas of expertise include building human resource functions, strategic planning, legal and corporate compliance, performance management, compensation programs, and management training. She has incorporated strategic initiatives that have increased the effectiveness and efficiency of many organizations. Skidmore is a graduate of the Indiana University School of Law-Indianapolis and earned a bachelor's degree from Anderson University in human resource management and psychology. She is president of the Central Indiana Chapter of the American Society for Training and Development and a board member of the Arts Council of Indianapolis and the Indiana Humanities Council.



The Compensation CONNECTION

By Dan Weinfurter • CEO, Capital H Group, LLC

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How you pay your best employees is undoubtedly a critical component of any effective human capital management strategy designed to attract and retain your top talent. Yet, in a lot of organizations, pay (or, more importantly, employee perception of pay) is diminished because there is little or no linkage between compensation and performance.

For example, there is no shortage of organizations where bonus systems (that started out with the best of intentions as systems meant to increase performance) have now turned into what may more aptly be described as entitlement systems. Or, in another common quagmire, companies grapple with annual merit pay increases that are virtually the same between high and medium performers. A third frequent scenario finds companies unable to find the right balance between cash and non-cash compensation. (See Table 1.)

Quite frequently, employers' perceptions of this combination of tangible dollars (base salary, equity, bonus and/or commission) and non-tangible pay (known up until a few years ago as perquisites) are out-of-touch with employees' expectations. The end result is that employers spend money on rewards that do not accomplish what they were intended to do – to get the best people and keep them happy while rewarding them fairly and accordingly.

Table 1

Components of Compensation

Traditional Monetary Rewards:	Non-Monetary Rewards:
Base pay	Job-sharing arrangements
Merit pay	Sabbaticals
Bonus pay	Flexible work arrangements
Commission	Tuition reimbursement
Broadbased equity (e.g. stock options)	Wellness programs/gym memberships
Spot cash rewards	
Team/project completion incentive rewards	

It isn't that so many employers are getting employee compensation all wrong per se – they just aren't getting it "right enough." In many cases, organizations fail to maximize their investments in compensation programs because they simply *do not know what their employees want*. They make half-informed assumptions about the mix between cash and non-cash benefits without

understanding first what employees really value and therefore what will really make a difference.

Those companies that first ask employees what they want are more likely to get compensation right. To begin with, smart companies stay aware of industry pay practices, benchmarking levels and also understand how to value – and pay – jobs most important within their organizations. Sometimes this is dictated by firm strategy, sometimes by employees and still other times by the marketplace.

The world of incentives has changed with breakneck speed in the past few short years, when equity was the rage and the name of the game – options, options, options – made many a millionaire-next-door with three simple letters: I.P.O. And

"It isn't that so many employers are getting employee compensation all wrong per se – they just aren't getting it 'right enough.'"

now, cash is “king” once again as the scales have shifted from over-inflated, long-term company share grants back to direct cash increases and bonuses. Employees are taking it to the bank – just how they seem to like it.

A second common pitfall is assuming that all employees will want the same mix of cash and non-cash pay. There are currently four generations in the workplace today with differing values, lifestyles and ways of working. (See Table 2.) What works to reward a baby boomer may be very different from what drives a millennial. Some professionals are inherently also much more motivated by cash pay than others.

My personal experience, for instance, has always been that accomplished sales people thrive in environments where there is a direct link between their success and their pay in the form of uncapped sales commissions. Likewise, an employee – whether male or female – with primary child-rearing responsibilities may value a flexible workweek over additional pay.

In addition to tailoring, as much as is reasonably possible, the mix of cash and non-cash incentives for different segments of their employee population, employers should also not let pay programs stagnate over time. The new parent who currently values a part-time work schedule in lieu of additional pay today may, in a few years time as his/her child grows older, prefer a different focus. Given these differences on how employees view the mix of cash and non-cash compensation, companies ought to regularly conduct internal surveys to see what mix will be the most effective in improving performance.

In addition to looking internally to grasp what employees want, employers also need to do periodic external benchmarking. Understand what total rewards packages your competitors are offering. There is great information to be had by asking those who recruit for you what they are hearing. Formal exit interviews, conducted with your departing employees, can also be helpful. Finally, use independent third-party salary surveys. There are two caveats to note, however. One is that departing employees may cite salary as the reason they are leaving your organization when there may, in fact, be other underlying issues at play, such as poor supervisory practices. Another is that while technology is changing the process somewhat, salary surveys are typically “old news” as gathering the data may take six to nine months. Nonetheless, external data points are critical to understanding how

Table 2

Workforce Generations and Generational Styles

Pay must be tailored to the needs of your workforce. Consider the needs/styles of the various generations, for example, that you may currently employ:

- **Veterans** (52 million workers), born from 1922-1943. Veterans value hard work, law and order and respect for authority.
- **Baby Boomers** (76 million workers), born between 1943-1960, Boomers value health and wellness, personal growth, and involvement.
- **Generation Xers** (70 million workers), born between 1960-1980, Xers value diversity, global thinking, and pragmatism.
- **Generation Nexters** (69.7 million workers), born after 1977. Nexters value civic duty, achievement and diversity.

	Veterans	Baby Boomers	Gen Xers	Gen Nexters
Core Values	Respect for authority	Personal Growth and Involvement	Fun and Informality	Social
Perception of Work	Obligation	Opportunity	Contractual	Means to an end
Communication	Formal and written	Person-to-person	Direct and immediate	Voice and email
Key Motivators	Respect for experience	Feeling valued and needed	Autonomy	Collaborating with bright, creative people

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your entire compensation plan – both cash and non-monetary rewards – stacks up to that of your competition.

So, once you understand what will attract and retain your best performers, how will your organization get pay “right” and find the proper balance between cash and non-cash compensation? There are three basic considerations critical to making any compensation program work, regardless of the mix of cash and non-cash rewards. While simple and pragmatic, organizations often find these very challenging to put into action:

- First, there needs to be transparency. Individuals need to understand how their pay is determined; how they are going to

be measured and what is expected of them. In the best of situations, this means communicating both positive and negative consequences of particular actions or achievements. It also means communicating about the basis of an individual's pay relative to others in the organization and also to the marketplace.

- Second, there needs to be a “line-of-sight” for incentives. The quick test for this principle is whether employees can affirmatively answer the question “If I do this, I’ll get that.” If not, incentives are clearly not working. How can they be, if employees are unable to articulate what earns them incentive pay?
- Finally, pay needs to be linked to

performance in a tangible fashion. This gives a sense of worth to the employee – assuming that the employee feels that he/she is being paid fairly for work done – and a sense of engagement in the enterprise. The quarterly or annual performance review process offers employers the perfect opportunity to link pay and performance in a concrete fashion, yet many don’t get this right.

If there is ambiguity around any one of these considerations, the power of your compensation program – regardless of which components of pay you use to motivate and retain your high performers – is diminished.

Dan Weinfurter is the Chief Executive Officer of Capital H Group, LLC, a human capital consulting and outsourcing organization focused on helping clients maximize the productivity and performance of their human and organizational capital. With significant backing from a San Francisco-based equity firm, Capital H is well positioned to become a key player in the HR consulting arena. Weinfurter is an accomplished entrepreneur skilled at leading start-up organizations towards profitable growth. Over the past 15 years, he has helped three companies grow organically and become national contenders in their respective fields, while creating substantial value for their shareholders. His areas of expertise include strategic planning, mergers and acquisitions, sales and marketing management, and business operations. Weinfurter is a respected authority on a variety of business issues and has been featured or quoted in numerous publications including the *New York Times*, *Industry Week*, *Investor Relations Newsletter*, *Crain's Chicago Business*, *Inc.*, *CFO*, and *The Financial Executive*.



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Frank Cheng

PRESIDENT AND CEO / OBS MEDICAL

WHAT TYPE OF COMPANY ARE YOU CREATING?

I am creating a company that is innovation-driven, energetic and fast moving, and lean and flexible. OBS Medical, a venture-backed medical start-up company, does not punish early failures in order to always stay ahead of the technology game. We have a "can do" mentality and constantly challenge conventional wisdom, instead of being limited by "can't do" instructions or internal organizational barriers. We also focus on anticipating customer needs and exceeding customer expectations.



WHY DID YOU LEAVE A LARGE CORPORATION TO START YOUR OWN BUSINESS?

In 2004, I left my 13-year corporate career to lead OBS Medical. In choosing this career path, I saw a major business opportunity to lead patient safety innovations for hospitals and the pharmaceutical industry that no major corporations were focusing on. I also like to maximize my personal contribution to improve healthcare quality for the benefits of future patients. By leading a small healthcare company, I feel I am best able to help develop tomorrow's solutions for safer hospitals and safer pharmaceutical drugs. And I've always been fascinated by the high energy level, fast speed and hunger for business results that exist in many early stage companies.

Michael Cloran

CEO OF INTERACTIONS CORPORATION

WHAT TYPE OF COMPANY ARE YOU CREATING?

Interactions Corporation is a technology services company focused on delivering revolutionary service to large companies with call centers serving more than 250,000 customers. We've raised \$17 million (more to come!) from venture capitalists to build a service system that combines the consistency of technology with the ability to understand of actual human beings. When customers are speaking, workers are listening and determining their intent and helping them get a direct answer or get routed to the correct place immediately. This solves the 800 number problem – where you get a frustrating automated system or an agent who makes mistakes or can't communicate well – and is so revolutionary that we are already working with two Fortune 100 companies and many others.

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WHY IS INDIANA THE BEST PLACE FOR YOU TO LOCATE AND BUILD YOUR BUSINESS?

It is a low tax, low regulatory state compared to where we moved from – New Jersey. Our investors were happy with the economic incentives and the fact technology labor costs are significantly lower. In addition, our meetings with the IEDC and other local entrepreneurs convinced us that Indianapolis is delivering the kind of environment and organizations that will allow innovation to thrive. Lastly, most of our leadership grew up with Midwest values and work ethics and preferred living and raising our families here. Although I grew up in Ohio, I went to IU and married an extraordinary Indiana native (Elyse from Evansville), so our four boys were already Hoosiers at heart.



Indiana Chamber Seeks 'Best Places to Work' Applications for 2008

Applications are now being accepted for the state's annual competition naming the "Best Places to Work in Indiana." This Indiana Chamber of Commerce program honors the top companies in the state as determined through employer reports and comprehensive employee surveys.

The 2008 winners will be selected from two categories: small to medium-sized companies of between 25 and 249 employees, and large-sized companies consisting of 250 or more employees. (Out-of-state parent companies are eligible to participate if at least 25 full-time employees are in Indiana.) The application deadline is Friday, November 30.

The Best Companies Group, which has overseen similar programs in other states, is responsible for the selection process. The basis for this initiative is Fortune magazine's noted "100 Best Companies to Work for in America."

All companies participating in the program will receive an in-depth evaluation identifying strengths and weaknesses according to their employees. In turn, this report can be used in developing or enhancing employee retention and recruitment programs.

For more information on the Indiana Chamber's Best Places to Work program or to register to participate, go to www.bestplacetoworkIN.com or call the Best Companies Group at (877) 455-2159.

In the 2007 "Best Places to Work in Indiana Program," Edwards Jones, the country's largest investment firm with 357 Indiana branch offices, and Schmidt Associates, a full-service architectural company in downtown Indianapolis, took top honors.

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F • The Five Commandments of Building a Board of Directors

By Mark W. Lonergan • Managing Partner, Lonergan Partners

As a young boy growing up in Elkhart, Ind., I had the early experience of watching the boom of the mobile home industry in the Midwest. Cabinet manufacturers began building for larger scale and were soon outfitting trailer homes with appliances and aluminum siding. Factories, warehouses and transportation centers were built to support the burgeoning demand. From 1960 to 1970, the mobile home industry had grown almost 40 times with Elkhart, Ind., as its global hub.

By the time I graduated from college, the mobile home industry had become mature – causing myself and many of my friends to turn to new markets and industries to launch our careers. Small surprise then that I applied my skills into the high technology field, ultimately settling in the middle of Silicon Valley to pursue that dream.

Today, I run a boutique executive recruiting firm which focuses on recruiting CEOs and Board Members for technology companies globally. With offices in Silicon Valley and in Indiana, we have become one of the top technology recruiting firms in the market. Through it all, my co-founders and I remember the early lessons we saw in the mobile home business – *Have a dream, surround yourself with the best people, and hustle harder than the guy across the street.*

Our work covers the technology landscape, from companies just getting started to large public firms with thousands of employees. One thing remains constant – if your people are better than the other guy's people – you will win. If they're not, you will lose regardless of your other advantages. And of all the people you need to concern yourself with in this effort, the Board of Directors is the most important element to building a winning team.

As an executive recruiter, I've participated in hundreds of Board searches over the past 15 years. The most surprising thing I have noted in all of these assignments is how little value is created by the Boards of most public (and many private) companies. I've seen CEOs appoint friends, former co-workers, support professionals like lawyers and auditors, neighbors and even former politicians to their Boards.

The question I often ask is; "Why is this person here, and what real value do they have to the company going forward?" Here are some of the answers I've uncovered:

- If they're there to make the CEO feel better, it's a therapy group.
- If they're there to watch presentations and eat the Danish, it's a coffee klatsch.
- If they're there to tell war stories and exchange banter, it's a golf outing.
- If they're there to quietly listen and murmur assent, it's a prayer circle.



- If they're there to grow your company and to ensure you make more money, then – and *only* then – is it a Board of Directors.

All great companies have great Boards of Directors. Most bad companies do not. Most companies could benefit by dramatically upgrading the quality of their Boards. Small companies in particular can become big companies with the addition of one or two world class directors to their Boards.

In the course of my career, I have learned some basic truths about Board building that may be helpful to you. Termed "The Five Commandments", these rules apply regardless of market or industry or region of the U.S.

I. Shoot High – Then Shoot Higher

Perhaps the most surprising discovery we have about CEOs when they're building a Board is that they have a very narrow scope in considering people for their Boards of Directors. The fact is that there are hundreds of marquee-quality Board members in every market who would love to hear from you about your business and your board position. The hard part is in imagining who those top people are and having the gumption to make contact first. Lou Gerstner is out there, and so is Lee Iacocca.

It is astonishing that CEOs with many years in a market have such a hard time identifying quality Board candidates. Ask yourself the question: "Who could come to our company and help us double our projected growth rate over the next four years?" The list will be small and pretty manageable. The best news is that if a Board member can truly have this kind of impact in your company/market, they'll want to come as well.

As a Hoosier and a veteran of many projects in the Midwest, this note applies particularly to the readers of this magazine. We find that many marquee executives have several points of interest in Boards in the Midwest and are delighted to get these calls. John Chambers (CEO, Cisco) is an Indiana University graduate. Mike Birck (Chairman, Tellabs) went to Purdue University.

II. Overpay

This is probably not going to make me many friends in the Midwest, but I'll say it anyway: Most private company Board members expect no cash compensation for their work on your Board of Directors. They do, however, expect to receive significant stock positions (0.5 percent to 2 percent) in your company for their work over four years.

If you choose wisely, this is the best

use for equity of any we know about. The right Board member will catapult your company forward through introduction to new clients and partners, through recruitment of top-line executives as your business grows, through facilitation of financial relationships, and through their hard-won experience about how to run companies like yours.

The question here isn't whether 0.5 percent to 2 percent is too much to pay for this kind of contribution. It's how high you'll need to reach to get the contribution you deserve that's worth that kind of price tag. If it's too much, you're not reaching high enough.

III. Demand Commitment

OK, so you've got the right Board member. What should you expect?

The answer is, *a lot*. Many Board members are retired or semi-retired and are

delighted to spend up to 30-40 hours per quarter to help with the business. And there's a lot to do, what with committee meetings, phone calls, special sessions, and so forth. The smart CEO gets his Board members to contribute in their special areas of expertise well beyond what most Chief Executives expect. While Board members are responsible for corporate governance, they can act as a direct extension of the CEO in all functional areas of the company.

It's key here in assessing prospective Board members to ensure that they have the time and energy for this heightened degree of commitment. Often, CEOs will schedule members of the Board to the company for two to three additional days per quarter to help. Making sure that they are engaged and willing is an important first step.

IV. Listen

I know what you're thinking – of course I'll listen, especially if I'm paying these people so egregiously. The plain fact is, most CEOs don't listen much to the inputs of their Boards. That's a mistake, for three reasons:

The Board is the only group you can turn to in confidence when the business is challenged in the marketplace. Often Board members can predict difficulties before they happen, helping to steer the company and the CEO away from danger.

You only improve when you're challenged from within. Your managers are afraid to offer the insights that your Board can put in front of you. Encourage them to challenge you and to work together for resolution.

If you do not choose to listen and interact, your best Board members will give up and ultimately leave. They're not doing it for the money or for the glory. They're doing this because they want to help.

V. Extend Your Network

A surprising number of CEOs we talk to have pretty limited circles of contacts in their markets. Perhaps because you're in harness and doing the work of running your company, you feel you don't have the time to reach out for others. The Board can really help here.

Sit on one or two Boards yourself. Meet the contacts and advisors recommended to you by your Board. Leverage your marquee Board members for their networks and let them help you to become more of a fixture in your industry and in your market.



Mark W. Lonergan is the Founder and Managing Partner of Lonergan Partners, a retained executive search firm in the Silicon Valley. Lonergan Partners is a specialized management consulting and executive search firm focused on General Management searches in the Networking and Internet Infrastructure markets. Working primarily with Venture Capital firms and Investment Banks, Lonergan Partners was founded on the principles of integrity and quality, with a fundamental belief that credible and competent general management is the most critical element in building investor value in young companies. Before founding his firm, Lonergan was the Managing Partner for the Silicon Valley offices of Heidrick & Struggles, Inc., where he managed 75 people with projected 2001 revenues of nearly \$35 million. Prior to that assignment, he co-founded and later managed Heidrick's global Telecommunications and Internet Practices, with 75 consulting teams worldwide and revenues in 2000 of \$72 million. In his executive recruiting career, Lonergan has led over 200 projects, roughly 60 percent of which were CEO and President assignments for technology companies around the world. He also conducts a number of executive searches annually for Board of Directors members and for General Partners at technology investment firms.

largely a qualitative and subjective assessment.

Prior to their initial investment, PEGs often hire outside consultants to assess the strengths and weaknesses of the management team, including psychological testing and a more objective and thorough analysis of the characteristics of the team and its ability to work together. In many instances, PEGs find significant gaps in the management teams of small companies. In such situations, PEGs actively interview outside candidates with the intention of filling in the positions in three to six months after acquisition.

Another important aspect of the due diligence is determining the owner/operator's motivation behind selling the company. PEGs like to know about

their interest in staying with the company post transition. An owner (who is also an operator and a key person of the management team) with a willingness to reinvest a significant amount of his/her sales proceeds (say 15 percent of total proceeds received) and intends to stay on as a key employee lend a high level of confidence to the deal.

The Post Deal PEG Value Proposition

As mentioned earlier, in many cases, PEGs interested in lower middle-market companies invest in businesses that are family-owned. Post acquisition, PEGs assist the management team in laying out a three- to five-year strategic and operating plans, which consist of growth and value creation opportunities and financial projections, including organic growth of the company as

well as growth through acquisitions.

PEGs will also form a professional board which typically includes the chief executive officer of the acquired company. The other seats of the board are filled by the PEG officials and people with strong track records in the company's industry (typically former CEOs of successful companies). The industry experts add tremendous value to the acquisition because of their knowledge base, contacts and experience.

In conclusion, to prime your company for sale, you should look at building a strong and successful management team that will remain in place with a new prospective buyer. The management team should consist of a strategic core of leaders who are capable of taking the company to the next level of profitability and growth.

Faraz Abbasi is a Partner with Centerfield Capital Partners, an Indianapolis-based private equity firm that provides debt and equity capital to privately held companies in the MidPEGs. Centerfield provides capital to finance acquisitions, effect changes in ownership and support growth. Centerfield also partners with management teams and acquirers of companies seeking capital to purchase businesses. Abbasi received his undergraduate degree in Chemical engineering from University of Texas, and earned an MBA in finance from the Kelley School of Business at Indiana University. He has been recognized as Who's Who in Finance by the Indiana Business Journal. He is an adjunct professor of Entrepreneurship, Finance and Venture Capital at Indiana University's Kelley School of Business. Abbasi currently sits on the board of the Venture Club of Indiana, and is a board member and treasurer of the IndyHub. He is also a charter member and past Vice President of the Young Professionals of Central Indiana.



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Building the Bridge:

Inspiring the New Generation of Employees

By Molly W. Chavers • Executive Director, Indy Hub, Inc.

Employees entering the workforce today have choices their parents couldn't – and probably even wouldn't – have dreamed of.

Does one go overseas for a few years or head to the west coast? What city offers the most desirable after work amenities – NYC or Denver? Do you enjoy mountain climbing on weekends? Or would you rather live off the coast in a small harbor town?

Because Indiana offers fewer “natural resource” amenities, we need to dig a little deeper to discover what we can offer talented employs who are looking for something more important than scenery: Opportunity.

Generation X, Y and @'ers value quality of life more highly than any other generation in history. The days of heading home after work are far in the future for most young professionals. They are waiting to get married and start a family. Their paychecks might be a little larger but they also don't mind spending a little more for an experience. They are mobile. They're eager to find ways to connect to their cities, make a mark of their own and crave a lifestyle within the office that allows them flexibility and upward mobility. Most of all, they want to feel valued.

In many office cultures, this attitude creates tension between the “up and comers” and the “have come.” But fear not – the old adage of working your way up is not lost. Under 40-somethings want to work hard. But embracing change and finding common ground are a must for any office environment wishing to inspire and teach the movers and shakers of tomorrow.

Here are a few suggestions for CEOs who want to attract and retain new talent:

Create the office culture you'd like your own kids to have

Today's talent quantifies the time they spend in the workplace compared to those who came before them. Embrace flexibility as your office allows. You may not be able to allow pets at work, but create an environment that supports and generates creativity. Today's technology provides us with the ability to work remotely if needed. Getting out of the office with the laptop at the local coffee joint or in greenspace nearby could turn a burnout day into a productive day.

Some other small, but very important changes that can easily be made: be sure to give credit where credit is due (whether it's in the boardroom, on the conference call or in front of corporate). Try to go beyond the monthly pitch in, too. Do your employees crave a Friday afternoon off? Would they like those opera tickets that you were going to turn down? Would they enjoy corporate fitness



discounts or a once-a-week -fitness class in-house? Find out what small changes can be made to make the office the “cool” place to come each day.

Opportunity, opportunity, opportunity!

The walls that surround your business aren't the only place work can be done in the course of a day. Joining a club or sitting on a board or committee – the same requests you're always asked to consider, but never have the time to commit to – are great ways for your new hire to find business contacts and promote your company. Under 40-somethings are the most desired perspective on non profit boards today because of their fresh ideas and availability to pitch in with the dirty work. Be on the front end of this trend by encouraging (even expecting) your talent to participate in the community.

It's important to note here that many of these networking opportunities might also come at a small, but worthwhile, price. If you're able, support your employee when asked, whether that support involves a membership fee or a commitment to buy a table for an annual fundraiser. By investing in their interests, you're promoting your business to that organization's audience, supporting a good cause, and showing your talent that what's valued by them is valuable to you.

Take a tip from another industry

Last year, the Arts Council of Indianapolis embarked on a first of its kind research study with the goal of finding out what makes the next generation of audiences tick. With the average age of the arts patron in the United States and Europe hovering right around 52 years old, the Arts Council wanted to know how to attract (and retain) new audience members for the span of mediums. With the help of Next Generation Consulting's Rebecca Ryan, the findings concluded that next generation patrons are engaged by *learning, sensing and connecting to the experience*.*

So what's your art form? How can you help your young talent thrive by learning more about your business? What are you doing to help your talent learn by doing? How are you encouraging your talent to connect – to their colleagues, their peers and their community?

Bridge the gap

The constant struggle between Boomers and their new counterparts is technology. First there was phone, then FAX, then e-mail, then cell phones. Today, we have instant messages, wireless access for laptops and texting. With so many ways to communicate, who needs to meet face to face? A generation-savvy CEO must encourage ways to communicate that respect all generations' preferences.

If a newbie brings their laptop to a meeting and types the entire time, don't jump to the conclusion they're ignoring content – they are probably doing work real-time. That said, clients have a certain way they like to do business; it's likely that you've been around long enough to pick up on these pointers and preferences. Help find common ground for all by promoting the value of mentoring face to face.

I'll emphasize this last point because of its significance for every generation your employees represent. Becoming a mentor for your talent (or finding an appropriate one inside or outside of your company) is the most important and rewarding thing you can do for yourself and your business.

Take your newbie along for client meetings. Let them absorb the back and forth. Give them a project to run with and, with a watchful (not micromanaging) eye, help them learn from their mistakes and celebrate their victories.

Try to take a tip from your talent now and then, too. Ask them questions and rely on their opinions. If you're retooling your website or venturing into new advertising techniques consider your audience. Push them to share their own gut feeling on an issue and delve into the “why?”

We should never be too old (or too wise) to be mentored.

Take the time to teach, to train and to listen. There is no better tool for attracting and retaining the best and brightest.

** More information about the Next Audiences' Study is available at www.nextgenerationconsulting.com.*



Molly W. Chavers is Executive Director of Indy Hub, Inc., a young professional networking organization focused on attracting and retaining the best and brightest to Central Indiana through engagement and involvement. Indy Hub strives to promote all opportunities for young professionals: Volunteerism, membership in professional organizations, community involvement, and social networking. Chavers graduated from DePauw University with a double major in Communication and Political Science. Her civic board involvement includes Caleb Mills Organization, Indiana Sports Corporation, Indianapolis Alumni Association of Kappa Kappa Gamma, and Junior League of Indianapolis.

Alisa Wright

CHIEF EXECUTIVE OFFICER / BIOCONVERGENCE LLC

WHAT TYPE OF COMPANY ARE YOU CREATING?

BioConvergence is a life sciences service company aimed at reducing the cost and time to bring new products to the clinic and market while maintaining product safety, stability and efficacy. We don't own any molecules, but instead we help pharmaceutical and medical device companies develop, produce, store and distribute their products. Our value lies in our experienced staff, use of innovative technology, and customer-centric culture. Our small size, flexibility and nimble nature enable us to focus on delivering on-time and on-budget results to our clients.

WHY DID YOU LEAVE A LARGE CORPORATION TO START YOUR OWN BUSINESS?

I'm most comfortable and effective working in small organizations where I know everyone. This desire stems from growing up on a farm in a small town in Indiana. Additionally, my family is full of small business owners, so being an entrepreneur is more the norm than the exception. However, working for large firms, such as Lilly, helped form the basis for my career by providing opportunities to learn about all aspects of the pharmaceutical business. Doing so confirmed that I'd chosen an industry I am proud to work in and one where I can contribute. I started BioConvergence because three factors came into alignment: Increased demand as more products are in development than ever before; Decreased supply as mergers have created large service providers focused on commercial products; and alignment of what needs to be done and what I like to do.

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Less Stress >> for Success

By Brenda L. Lyon • DNS, CNS, FAAN

“Contrary to popular belief, stress can be prevented or alleviated – not just managed.”

Entrepreneurs can feel overwhelmed in dealing with the day-to-day demands of tracking business plans, meeting customer demands, generating revenue, paying bills, cutting costs, keeping employees engaged, hopeful and excited, and balancing family life.

In addition to these common external demands, there are also all of the internal demands you place on yourself. Even though the common demands of creating and maintaining a business and balancing family life are often difficult, they do not have to result in stress.

As an entrepreneur, you should recognize that preventing or alleviating stress in your life is as important as managing cash flow is to your business. While avoiding difficult situations altogether is impossible, preventing stress – whether on the job or at home – is important to maintaining good relationships, managing a business or career effectively, and enjoying good personal health.

Here are some fundamental understandings about stress and tips for preventing or alleviating it.

Stress is not some amorphous discomfort that’s hard to get your arms around. It’s

really a “catch-all” term for many of the toxic negatively toned emotions that we experience including dysfunctional anxiety, chronic irritability/anger, frustration and unjustified guilt.

Contrary to popular belief, stress can be prevented or alleviated – not just managed. The key to stress prevention is to know its causes and to realize that difficult situations and “stress” are not the same thing. That is, you can be in a very difficult situation and not experience stress. There are two root causes that must occur together for you to experience stress. First, you experience more *demands* than you have resources to meet comfortably and second your thoughts are focused on *anticipating a negative consequence*.

Keeping demands and resources in reasonable balance prevents stress from the get-go. When it is impossible to accomplish a balance and demands are taxing resources then what you choose to focus on – your view of the situation – is critical. If you focus on anticipating negative consequences then stress is guaranteed.

However, when demands are out of balance with resources and you choose to focus on something positive in your current situation or anticipating positive consequences – even if it is simply “I will learn from this experience!” then the psychological experience in the difficult situation is one of a positively toned “challenge” not stress.

Balance demands and resources. The first step in helping yourself prevent or alleviate stress is to recognize where your most troubling demands come from. Most often the more difficult demands originate

within ourselves, that is, we expect ourselves to do too much. We're unrealistic and hard on ourselves (guilt); we hold onto unrealistic expectations of other people (irritability/anger); we don't give ourselves enough time to adapt to a significant change in our life or to accomplish a goal we've set for ourselves (frustration); or we focus on the potential for negative things to happen (anxiety).

Balancing the factual demands and available resources is a lot easier when we can rid ourselves of the unreasonable demands that we place on ourselves or unachievable demands that we place on other people. Even without internally generated demands, factual demands can tax our resources creating a difficult situation. Keeping demands and resources in reasonable balance prevents stress.

Here are important strategies/tactics to use in managing demands and maximizing resources:

Organize your environment. Find a system of organization that works for you and use it! It's tough to function in chaos. Chaos contributes to feeling "out-of-control" and wastes time.

Break large goals down into smaller segments. Focusing on a large or complex goal that has not been broken down into more manageable segments often results in frustration. Ever try to lose 20 lbs? It's a lot easier to focus on losing one pound a week – and it's more gratifying to step on the scale.

Organize your tasks and time. Make "To Do" lists and use time management strategies doing the most complex tasks during your best functioning time of the day.

Plan ahead yet take things "a-day-at-a-time" or a "task-at-a-time." Being "present oriented" limits your cognitive

"Keeping demands and resources in reasonable balance prevents stress from the get-go."

focus on the now of what needs to be done, which maximizes your effectiveness on the task at hand.

Delegate what you can. Don't try to do everything yourself – delegate tasks to others.

Manage expectations. Set realistic expectations for yourself and others. Idealistic (unreachable) expectations of yourself – or "shoulds" – result in unjustified guilt. Unrealistic (not going to be met) expectations of others are the root of anger. Holding onto unlikely expectations results in chronic anger.

Accept situations that you cannot control. Repeatedly trying to change things and situations that you cannot control is a waste of energy and one of the root causes of situational depression. A better strategy is to accept those situations and work around them, develop contingency plans, and/or go with the flow.

Make it a priority to get restful sleep. Get 7-8 hours of sleep a night at least five nights a week.

Re-charge your batteries. Give yourself permission to spend some time doing things you enjoy – it's a basic human need. Doing something you enjoy and feeling like you're wasting time (guilt) is like trying to charge your car battery without both the (+) and (-) cables attached – it's a waste of time!

Attend to your spiritual self in whatever way works for you.

Maintain your social support system.

It's important to make time for family – put it on your "To-Do" list. Do an occasional lunch or dinner with friends

Eat healthy and be active (exercise).

Manage your thoughts. Managing your thoughts is the second critical component to preventing and alleviating stress. Positive thinking is NOT Pollyanna. See the glass half full rather than half empty and "not sweating the small stuff" is a stress prevention competency. Framing a difficult situation as a challenge and keeping your thoughts focused on what you might gain or benefit from it – even if it's focusing on what you might learn from a difficult situation – will serve you well in preventing stress.

The bottom line is that thoughts cause our stress emotions and managing our thoughts is central to preventing or alleviating stress even in the most difficult situations.

Fortunately, entrepreneurs commonly have a leg up in skillfully balancing demands and resources and managing thoughts because the personal attributes of entrepreneurs commonly include:

- Optimism
- Creativity
- High energy/drive
- Self-confidence
- Decisiveness
- High but realistic goals
- Belief that you can control your destiny
- Readiness to learn – defining failure as a learning opportunity
- Persistence; and
- The ability to get others to work with you.

Remember: Your major business asset is YOU!! Take care of yourself!



Brenda Lyon is a Professor in the Department of Adult Health Nursing at Indiana University School of Nursing. She is a nationally recognized expert in stress and fellow in the American Academy of Nursing and the National Academies of Practice. In addition to teaching in the MSN and PhD graduate programs at IU's School of Nursing she had a private practice focused on stress and stress-related physical illness for over 25 years and is in demand nation-wide for consultation and workshops on conquering stress. Lyon is an experienced entrepreneur who has assisted other entrepreneurs in health-related business endeavors including her work with Dr. Julie Meek in the use of Lyon's perceived health model and stress algorithms for the Haelan, Inc. "One Care Street" product. She is one of the owners of a family business, Aircom Manufacturing, Inc. and Medivative Technologies, LLC where she spends 50 percent of her time contracted out from the University. Most recently she led IU School of Nursing's efforts in holding two national conferences for aspiring nurse entrepreneurs.

Stress Busting 101

By Dr. David T. Pfenninger • Founder and former CEO, Pan, Inc.



As an entrepreneur, it is nerve-rattling to deal with personnel problems, capitalization, product-building, tight deadlines, and slow-paying clients – the whole gamut of “start-up” challenges. And when we consider that entrepreneurs typically have family or friends involved in the enterprise, generally work long hours with lots of travel, and always have to be “on” pitching the business (and too often, experiencing rejection), it is clear that would-be entrepreneurs can anticipate a sort of psychological stress quite likely beyond any they have ever previously experienced or even witnessed.

In evaluating companies, business plans, and leadership, my main focus is on the personality of the leader. I look for charisma, energy, drive, intelligence, honesty – and the capacity to manage extreme levels of stress. I personally do not invest in start-ups without leadership that I judge to be unusually tough, mature, steady, and who will not crumble in the face of the inevitable uncertainties, failures, and missteps of the early business reality.

Plus, you are usually dealing with investors – other people’s money – and they quite naturally expect you to hold up your end of the bargain. If you have not experienced that set of expectations, welcome to a very different sort of stress than you’ve ever encountered.

While stress is to some extent personal and idiosyncratic there are commonalities within and across cultures in the perception and experience of stress. “Stress inoculation” training is a general set of techniques from the psychotherapy world that are applicable to the entrepreneurial situation. Based on those principles, some advice for entrepreneurs in managing stress should include the following:

- **EXPECT IT.** Detail scenarios in your mind that are likely to occur in the course of the enterprise. Anticipate them and have a sketch or plan about to manage events should they occur. Talk to those who have been there to learn how they managed.
- **KNOW THYSELF.** Even the (rare) college student entrepreneur has been around long enough to have some inkling of what makes him or her tick. Again, take stock of this set of emotional reactance patters in advance, regularly, and commit to mitigating the more extreme and dysfunctional responses. The most valuable asset of your business is you – so make sure you have a more thorough understanding of this asset than anything else, including the product or service itself.
- **MITIGATE.** It’s going to happen. You will get “stressed out” by your commitment to a project. What then? Well, there is no formula; but there is a set of coping behaviors that you have used for years to mitigate stress. What has worked and what has not? The situation is complicated by the fact that we typically rely on loved ones to provide succor when we are down. Yet there’s a good chance that some of these people are involved with you in the business, don’t grasp the nature of the stress, or are ambivalent about your risk-taking. You may need to enlist new support figures in your life that can be objective: Your key “lieutenant” in the business; a business mentor or board member; a therapist or counselor. Other useful mitigators of stress are exercise, meditation, good eating and sleeping habits, and vacation. Take advantage of these simple but effective options.
- **DON’T MAKE IT WORSE.** Perceive it, mitigate it, ride it out. It’s coming back in a new form, so get over it. It’s the reality of starting a business from scratch – even the exciting moments can create a sense of internal stress, fatigue, burn-out as they pile-up across time. Do not overreact or get into the trap of excessive self-criticism or blowing the stress out of proportion.
- **KNOW WHEN TO HAND OFF.** If the stress is overwhelming, get some help and have the adult responsibility to find an interim or permanent replacement for you to keep the business running. You owe that to the others who have bet on your success. You can still play a useful role and you’ll likely still own a large part of the business, so be a grown-up and find a successor if needed.

In my view too much glamour is made of being an “entrepreneur.” It’s mostly a drag. But there are some rewarding elements at a personal and professional level to provide at least some balance in the experience, and the financial rewards also help take the sting away – in the event that your business makes it. Pessimism? No, that’s the reality of the deal.

You can either sustain an unrealistic sense of optimism and keep pushing the rock uphill, knowing that the chances are its coming down on your head anyway, or you concede, roll over, and let it fall on you.

The entrepreneurs that succeed in creating successful, sustainable businesses have a touch of mad love for their enterprise that fuels them with false optimism and which can sometimes yield victory.



Dave Pfenninger, PhD., was founder and former CEO of Pan, Inc., and is co-founder of BubbleUp, Ltd., and serves on the boards of several start-up and mid-stage companies including Vinculum, Inc. and Achievant. He is also a clinical psychologist and serves on advisory boards of the Indiana University School of Informatics and the Department of Psychological and Brain Science.

Julie Goonewardene

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ENTREPRENEURSHIP CENTER / PRESIDENT AND CEO
CANTILEVER TECHNOLOGIES



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WHAT TYPE OF COMPANY DID YOU CREATE?

Cantilever Technologies was a software and professional services firm which targeted large complex manufacturers. Our venture capital came from Parson Capital in Chicago. The company was sold to a strategic buyer in late 2004. Our software was installed in Accounts Receivable, Accounts Payable, Inventory, and Warranty areas and enabled complex organizations to make better decisions faster. Our software was installed both in the United States and in Europe. Our projects provided Return on Investment in 90 days. We created a company that had a blue chip client base, coupled with a profitable repeatable business model.

WHY WAS INDIANA THE BEST PLACE FOR YOU TO LOCATE AND BUILD YOUR BUSINESS?

We moved Cantilever Technologies to West Lafayette for sound business reasons. Our costs were a quarter of what they were in Chicago. We had access to top flight technical talent, and our customers were major manufacturers many of whom are headquartered in the Midwest. Our Chicago based investors and advisors were originally skeptical about the move to Indiana but came to embrace it based on the results we were able to achieve. The commute to Chicago was easy so we could stay in constant touch. When you add in the quality of life issues it was a no-brainer.

SELECTING *(and using)* KEY OUTSIDE ADVISORS

By Mark E. Hill • Managing Partner, Collina Ventures

“The best entrepreneurs understand that they cannot do everything, and that they need others to help them execute on their drive and vision.”

Building a business from scratch is a daunting task. But by effectively using outside advisors, you can increase your chances for business success.

Of course, this is easier said than done. Using outside advisors – experts in such fields as banking, accounting or legal – becomes a balancing act. You must select the advisors that best fit your unique needs, than manage them to ensure that you are getting the specific outcomes needed by your business.

One of the primary difficulties in doing business with advisors is that they often advise you on how much of their services you need. This means that first and foremost, you need to trust your advisors.

The best entrepreneurs understand that they cannot do everything, and that they need others to help them execute on their drive and vision. Traditionally we think of outside advisors as bankers, accountants and lawyers, but today there is a long list of expertise that needs to be employed, including marketing, public relations, bookkeepers, web design, information technology consulting, real estate, human resources and benefits. Just selecting and managing these resources can be a full time job, taking away from the most important role of the entrepreneur: Selling.

There is no right answer or formula, for using outside advisors effectively, but – having hired and fired many advisors over my career – I would repeat, that trust is first and foremost.

Early on in life of Baker Hill, a bootstrapping, start-up in the software business, we had a larger and more established competitor that we suspected was telling a couple of our larger banking prospects that they were getting ready to sue us because one of our principals had worked at a bank that used their software. Banks tend to be quite conservative buyers, so this made it very difficult for us in that market. At the time we felt “wronged” and wanted “justice.” We found an attorney through a referral. We were very lucky that we found one that really understood the realities of the marketplace and advised us to spend our money on our business, and not on a lawsuit that would distract us, be public, cost us most of the little cash we had and with high certainty, end up with nothing.

He advised us not to spend our money on his services. This is why trust is so important.

It is hard to pinpoint trust, but you should seek out referrals from those that you trust and interview at least two potential candidates for each advisor

position. You should ask about fees and estimated times to complete certain tasks.

Selecting an advisor that fits your unique needs is then based on your financial means, the industry you’re involved in, and the phase of your business. While many might advise that you need the “best” advisor; in a relatively young business, I would advise that you need a “good enough” advisor.

The first paid outside advisor you retain should be an attorney. Accountants and bankers will play a role later.

In start-up mode, every dollar is important, so there is a reluctance to spend precious resources on outside advisors. This is where “good enough” can come to play – with an exception.

In start-up mode, prior to serious fund raising, when you are serving clients that are typically known to you, retaining a good attorney is key. An attorney will assist with business creation documents, some filings with the state and some decisions around type of entity. These are typically straight forward decisions and can be managed by almost all legal firms.

The exception that I would point out involves intellectual property. If your business is based on ideas that are truly unique, then a specialized attorney with experience in patent law is very important. This is because of the timing of the filings: “good enough” is not acceptable; filings need to be done correctly. Again, trust is vitally important. An attorney once told me that “Patent law is for kings,” meaning it can be very expensive. A strong, trustworthy patent specialist can guide you.

Once your business has some traction and there is the prospect of raising money, an attorney can be a good source for leads for potential capital. A good attorney also should have experience in creating the kinds of documents that will protect you. It is critical to get fee expectations up front and hold your advisor accountable.

Larger legal firms have the advantage of having many different experts under a single roof, but they are typically more

"The first paid outside advisor you retain should be an attorney."

expensive and less responsive to start-ups.

Bankers lend based on a high probability of repayment. They expect to be repaid 99 percent of the time, so unless you are willing to put up personal assets as collateral, they are not good sources of capital. However, a good banker can offer good advice and leads for potential capital. I suggest picking a banker with deep experience in your line of business, build a relationship with them based on your deposits and position yourself to borrow money when the business gets to a more liquid position.

Accountants are of least interest to start-ups. They will help with taxes, but typically are not suited to do the books. Bookkeeping services are designed to keep the books. There are exceptions, of course, for businesses that have raised significant outside funds and need an external audit, or have compliance needs for something like a

SAS-70 audit. If you do not know what that is, you most likely do not need it.

Advertising agencies are important. Oftentimes we think of them to create a company logo, stationery or business cards. These are fun items, but an advertising agency can do much more. The best agency for you will have deep expertise in your line of business and will be able to advise you on positioning. This may be your most important early advisor, because nothing else matters if you do not have clients.

This leads me to my last point. Start-ups have one goal: Client acquisition. What do you need to do to get that done? Focus your time on that, pick outside advisors you trust to do the minimum you need until you get to a point where you have revenue and a solid business model based on signed contracts and meaningful revenue.



Mark E. Hill is a Managing Partner of Collina Ventures. Hill co-founded Baker Hill® in 1983. Focusing on the banking industry, the company serves as a trusted advisor to its banking clients and delivers solutions that address business process needs. In 2005, the company was acquired by Experian®, a global information solutions company. In addition to his role with Collina, Hill serves on the board of numerous companies, including Interactive Intelligence, Bluelock, and Angel Learning. He also served as the 2002 inaugural chair of the TechPoint Foundation, bridging the "digital divide" by providing technology for at-risk youth. Hill is an adjunct professor at the Indiana University School of Informatics and chair of its Dean's Council. At the request of the last three governors, he has served the state of Indiana in various capacities. He started his career at IBM and holds a B.B.A. from the University of Notre Dame and a MBA from Indiana University Kelley School of Business

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CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE BOARD • BIOSTORAGE TECHNOLOGIES, INC.

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WHAT TYPE OF COMPANY ARE YOU CREATING?

BioStorage Technologies, Inc., is a leader in biomaterials storage, sample management and cold chain logistics. The company primarily serves the global pharmaceutical and biotechnology industries, but also tissue banks, forensic laboratories, cord blood storage companies and other life science organizations. We offer comprehensive temperature-controlled sample management solutions at our state-of-the-art facilities and in-sourced biorepository services at our clients' premises. We selected Indianapolis as BST's headquarters because we store, track and ship materials that require a centrally located biorepository and an excellent logistics infrastructure. We are adjacent to FedEx's second-largest hub at the Indianapolis Airport and, as we must service clients with global operations, we have expanded to Frankfurt, Germany, also a major logistics center.

WHY DID YOU LEAVE A LARGE CORPORATION TO START YOUR OWN BUSINESS?

I enjoy working closely with people and being at the "sharp end" of the business. As a company grows, it can become increasingly difficult to remain a hands-on leader. I found myself at the top of a large organization where the "small, nimble frigate" had become an "aircraft carrier," with my time spent watching dashboards of information rather than playing a direct role in operations. I helped build BST to reflect my standards of customer attention and service excellence while meeting important unmet needs for our clients. The stresses have been very different but still exist. Most notably in a startup you lack a solid history to reassure clients that the company will be successful. Fortunately we now have more than 45 clients and are growing rapidly, both domestically and overseas.

Grow Your Own High-Growth Leaders

By Jim Pearson • President, Suros Division, Hologic, Inc.

It's every business leader's dream: You are going to build a company that achieves 70 percent growth for three consecutive years, profitability one year after start up, and doubling revenue numbers every year from start up to acquisition.

And this company is going to provide an industry-changing product that alters the selling strategy for the number one market holder, and the opportunity to position an innovative company for a multi-million dollar merger that benefits the hard work of everyone from co-founders, to shareholders and production operators. Right?

All of these successes require just a few essential elements for reaching this outcome – hiring the right talent, creating and living the culture that best fits your business model, and improving your day-to-day efforts that maximize the potential of your business. And most importantly, it takes developing high growth leaders that spur your organization in building an executable business plan.

There are several steps you need to take to help turn your entrepreneurial dream into concrete business reality.

Make your leaders visionaries by helping them understand what it means to have vision.

Vision is not about seeing things others can't see. It's about creating a culture of inquisitive minds that will research, think, openly dialogue and ask questions, work in diverse groups while bringing knowledge from previous work histories to the table, and seek out more information to reach smarter conclusions.

Great leaders understand that their managers need latitude to express

“It's critical that you define what you are building before you build it.”

themselves in different ways, make mistakes, win as a team, and lose as a team. They mentor in ways to stretch beyond average and raise the bar on what is “standard.”

By setting up the environment to bring out diversity of opinion and researching well beyond the norm, you will reach conclusions that others can only identify as “visionary.” You can solicit the best effort from everyone by putting together a cohesive plan based on your business imperatives.

For example: What if I was the only person in the world to watch the TV weather forecast? On some days, I might bring in umbrellas for all employees. They might ask, “Why do you have umbrellas? How do you know its going to rain?”

When the rain started, they might call me a visionary for bringing a tool no one else knew to bring. But I simply used available resources to gain information that enabled me to reach a conclusion others could not. That is how business works. Once you have decided on a strategic direction, you need a trusted team to execute a plan outward to the organization – and a team comfortable with delivering opinions that may change the pathway of the plan, but remain focused on reaching optimal business results.

Live the established cultural norms and make sure your team does, too.

Your cultural norms should be simple, easy to understand and visible to both team members and customers. It's critical that you define what you are building before you build it.

It seems obvious that you wouldn't build a house without plans. But very often, when I ask a business leader "What are you trying to build?" I get a typical business-focused answer: "outcomes," meaning a profitable company or a successful company that can be sold or taken public. But what I'm asking about is the foundation or the core of the organization – including culture, not just results from a profit margin position. The core principles need to be well thought out and everyone must be accountable to them, especially the leaders.

Define your cultural norms early and embed them in your organization.

You should expect your cultural norms to evolve as the company and people change and grow. In fact, this evolution should be driven by your leaders, giving them ownership and the emotional instinct to defend the culture.

At Suros, we have five principles that built our foundational core for a culture of teamwork and execution. These principles are woven into the everyday work and decision-making of department leaders and team members, creating an environment of accountability.

Creating your specific company environment is accomplished in various ways, but I have found it helpful to interview and hire the type of people that carry the values needed and to create rather than hire a team that must be changed to conform to those values. When the majority of your team has a similar value system, you have built a strong foundation and a fantastic thing happens – you begin to focus more on leading the company in the present and planning for the future, and not on managing people and events.

Focus energy on adjusting the methods and only measure results.

Most business leaders I talk with want to focus on results to get results. For example, have you ever talked with a sales manager who says, "Sell something, will you?" Or a production manager who encourages her team by stating, "Make more of these...quicker."

The key is not only identifying that you need more of something quicker, but in how you can adjust your day-to-day efforts to ultimately produce an increase in sales or production. This is sometimes referred to as the *boring work*, and many leaders miss how important it is to the ultimate outcome because it is the true value creator.

It's the boring work that takes focus, discipline and the ability to address facts without bias. It's the

boring work that produces the most value, both in increasing productivity and revenues, and in improving a corporate culture of discipline and execution to get the results. And it's the boring work that gets most companies in trouble because they don't know how to make the day-to-day activities in all areas of the business exciting, or they can't see the immediate value it produces. One of the hidden rewards from focusing on the boring work and the day-to-day victories is consistent execution.

Consistent execution is addictive and builds momentum that is hard to derail.

In order to do so, it's important that you drive your strategy deep before going wide. Expect no applause for your efforts and be patient. With the right business plan, you will see results.

When you start focusing on the day-to-day or finding areas of improvement in short-term victories, weaknesses have a way of surfacing and can ultimately label you as a "micro manager" among your team. This usually happens when you identify a strategic weakness or ask for improvements on tactical plans from a manager who has emotional ties to the work. The best way to track and measure the impact of the day-to-day or boring work is to understand that this work is the real value creator over the long haul.

To build a great company over time, your team must see that they can win the day-to-day battles.

Your team must win these battles and execute in a consistent and predictable manner, and produce outcomes that are planned, deliberate and measurable. Achieving this kind of synergy is enabled by creating and enacting a precise plan, one that is mapped out and co-created by all, but driven and applied by a few.

Once your plan is fine-tuned and you go over the details each day, you will create value and turn up the *healthy friction* among team members by emphasizing the importance of details in a constructive manner.

Healthy friction is the angst between teammates that pushes one another intellectually to be better and smarter, to think of solutions differently which produce higher outputs. Don't worry when you find yourself trying to avoid healthy friction – or what some call direct confrontation – it's natural. Recognize the difference between the two and help your leadership team work toward healthy friction, continued questioning

and dialogue versus confrontation. This is what develops your team into high growth leaders.

Healthy friction is positive and focused on the best business solution, not the owner of the solution.

Healthy friction is founded on the ability to trust your teammates and their end-result intentions. Direct conflict is usually driven by power and position and people acquiescing to title. It is typically not rooted in a solution intended for the best business outcome, but rather the best outcome for the person in charge. Once you know the difference and can instinctively feel it in your work, you won't avoid healthy friction. You will embrace it because it's like a road sign that reads: "Better Outcomes Ahead."

As you experience success, don't let it drive your appetite.

As you succeed, resist the temptation to add more items to your already established business objectives. It's easy to get off the path and out of focus.

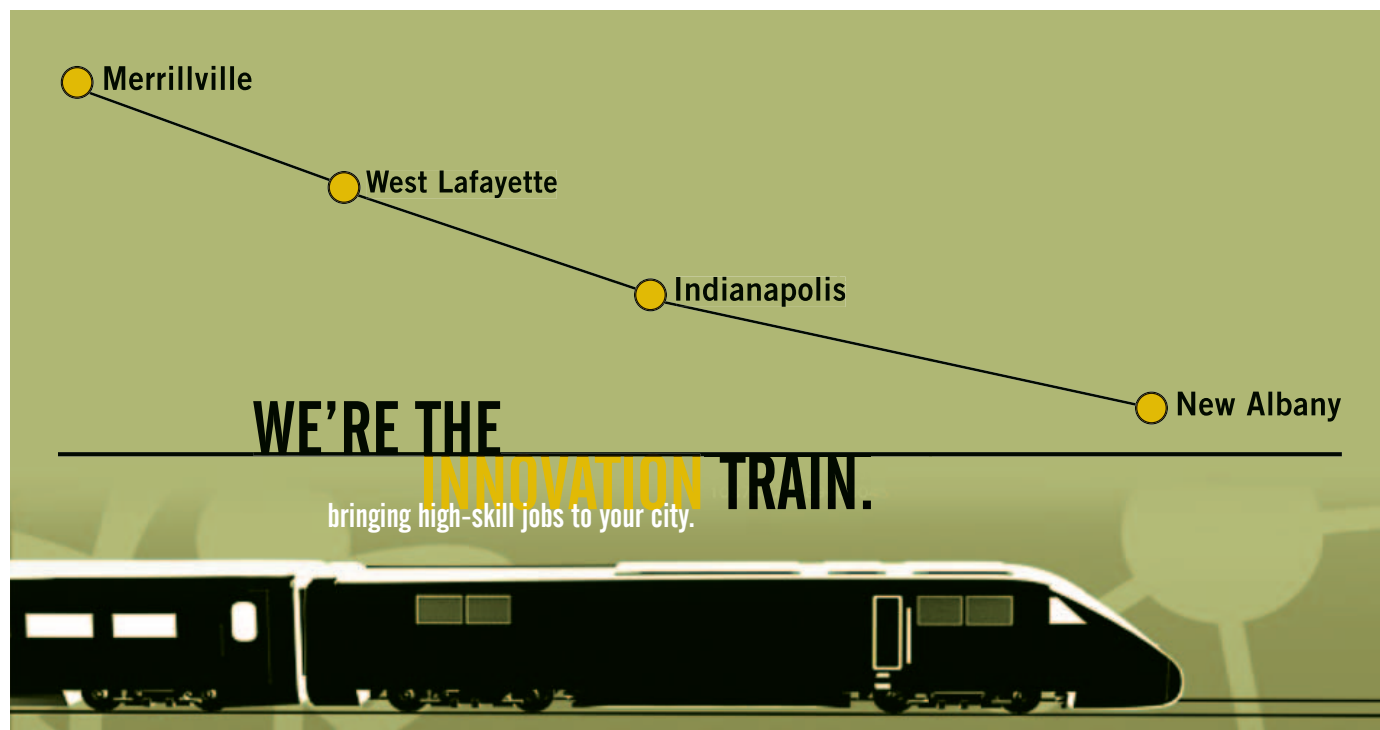
Most leaders believe if they can do one thing well, they can probably do many things well. I believe the better philosophy is: "If you can do one thing well, maybe you can do two things well."

This strategy might not seem overly exciting, but you should not be looking for excitement. You should be looking to build and strengthen core principles that were nurtured by a culture of asking hard questions – and for those principles to build momentum that is guided by the decision-making of trusted leaders who are motivated by and addicted to delivering high-growth returns.



Jim Pearson is president of the Suros division of Hologic, Inc., a global leader in women's healthcare and one of the largest companies in the world focused exclusively on advanced technology in women's health. The Indianapolis-based medical device maker focuses on the manufacture and sales of minimally invasive vacuum assisted breast biopsy systems and biopsy site identifiers. Pearson has more than 15 years of experience in the health care and medical device fields and has been a key leader or founder of three

successful start-up companies boasting a combined first-year revenue of more than \$15 million. Formerly the president and CEO of Suros Surgical Systems, Inc., Pearson built the company from a small start-up to a worldwide leader in the minimally invasive breast biopsy industry in five years. Under his leadership, Suros also pioneered the MRI-guided breast biopsy market in which the company now holds more than 90 percent market share. In April 2006, he successfully positioned Suros to the final stages and closure of a \$240 million merger acquisition and two-year earn out agreement with Hologic, now a \$3 billion market cap company.



The advertisement features a stylized map of Indiana with a line connecting four cities: Merrillville, West Lafayette, Indianapolis, and New Albany. Below the map, a high-speed train is shown in motion. The text "WE'RE THE INNOVATION TRAIN." is prominently displayed, with "INNOVATION" in a larger, bold font. Below this, the tagline "bringing high-skill jobs to your city." is written.

Throughout Indiana, from Merrillville to New Albany, Purdue Research Park's powerful economic engine is creating a dynamic statewide network of high-tech companies. Get on board the innovation train today at www.purdueresearchpark.com.

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Daniel Hayes

PRESIDENT AND FOUNDER • HEALTHCALL, LLC

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Healthcall, LLC, is a communication company. By advancing the art of communication within healthcare, we foster a culture of excellence in the care and health of people. In the U.S., healthcare professionals are suffering from time deprivation. Studies show that staying in close touch with the patient and checking their key signs and symptoms results in improved quality of care, but time constraints keep them from providing this personalized care. HealthCall is used in the outpatient setting in conjunction with disease management, medical compliance, general follow-up, and wellness programs to collect patient health information. HealthCall is easily adaptable to the unique needs of individual patients and has demonstrated clinical and fiscal efficacy.

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WHY IS INDIANA THE BEST PLACE FOR YOU TO LOCATE AND BUILD YOUR BUSINESS?

Opportunity. Indiana government and business leaders have taken important steps to build a more favorable business environment for technology innovation companies. These steps include the investment tax credit, availability of Indiana Economic Development Corporation funding, and a growing willingness of established companies to embrace innovation for quality and growth. We don't have a pervasive culture of innovation yet, but that will come as successes proliferate. We also found healthcare professionals in Indiana who actively explore new ways to improve the quality of care they provide, to increase their personal effectiveness, and to improve the financial health of their organizations. Two such leaders are Bobbi Herron, MS, APRN, BC (pictured left) and Dr. Zlatan Stepanovic, MD, Cardiologist (pictured right), both of whom practice at the St. Mary Medical Center in Hobart, Ind. Indiana has a strong work ethic, the state and local leadership are working to remove barriers to success, and more people within healthcare are embracing an innovation mindset.

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